

Message Text

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11
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DRAFTED BY NEA/P:GFSHERMAN
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S/PRS - MR. FUNSETH (INFO)
H - MISS FOLGER (INFO)
EUR/P - MR. JERABEK
IO/P - MR. BLACHLY
NEA/ARN - MR. KORN
AF/P - MRS. RUSSELL

----- 125621

R 210014Z FEB 75
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
USMISSION GENEVA
AMEMBASSY KUWAIT
AMCONSUL DHARAHAN
AMCONSUL JERUSALEM
AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY MANAMA
AMEMBASSY TUNIS
AMEMBASSY TEL AVIV
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
AMEMBASSY RABAT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY MOSCOW
AMEMBASSY ROME
USMISSION USUN NEW YORK
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AMEMBASSY SANAA
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USINT BAGHDAD

AMEMBASSY DOHA
AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY DUBLIN
CINCEUR

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E.O. 11652: N/A

TAGS: PFOR

SUBJECT: DEPARTMENT PRESS BRIEFING

GENEVA FOR MEPC DEL

CINCEUR FOR POLAD

FOR YOUR INFORMATION AND GUIDANCE FOLLOWING ARE EXCERPTS
FROM DEPARTMENT SPOKESMAN'S PRESS BRIEFING FEBRUARY 20,
1975:

QUOTE: Q. I WANTED TO CLARIFY SOME OF THE DISCUSSION WE
SAW IN THE PAPERS ABOUT POSSIBLE U.S. GUARANTEES IN THE
MIDDLE EAST. THERE APPEARS TO BE SOME CONFUSION, PARTICULARLY
TODAY, IN EUROPE AND THE MIDDLE EAST, AS TO WHAT IS
BEING CONSIDERED OR EXAMINED.

A. WELL, LET ME SEE IF I CAN BE HELPFUL ON THIS, AND LET
ME MAKE TWO OR THREE POINTS.

NO. 1, THERE IS NO TALK ABOUT ANY KINDS OF GUARANTEES -- IN
THIS PHASE OF THE DIPLOMACY IN THE MIDDLE EAST, LET US SAY.
AS WE KNOW, VARIOUS PARTIES TO THE CONFLICT PUBLICLY, FROM
TIME TO TIME, OVER THE PAST MANY MONTHS NOW, HAVE MENTIONED

THE WORD "GUARANTEE" MORE IN THE CONTEXT OF AN OVERALL
SETTLEMENT, BUT UNSPECIFIED ON WHAT KIND OF GUARANTEES.

WE HAVE NO PROPOSAL ALONG THIS LINE; AND THIS WHOLE
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QUESTION OF POSSIBLE GUARANTEES, UNSPECIFIED AT THIS TIME,
MAY BECOME RELEVANT LATER ON AT SOME UNKNOWN TIME IN THE
CONTEXT OF AN OVERALL SETTLEMENT.

I DON'T KNOW WHETHER THIS HELPS OUT A LITTLE BIT OR NOT FOR
YOU.

Q. YOU'RE NOT TYING IT THEN TO THE NEXT STEP IN ANY WAY?

A. NO -- AS I SAID IN THE BEGINNING.

Q. WELL, JUST TO PURSUE THAT A BIT, THERE HAVE BEEN TWO KINDS OF GUARANTEES DISCUSSED PUBLICLY. ONE IS AN INTERIM FORM OF GUARANTEE, WHICH PRESIDENT SADAT SAID MIGHT BE EXTENDED THROUGH SECRETARY KISSINGER. AND THE OTHER IS A LONG-TERM GUARANTEE, SUPPOSEDLY BY THE UNITED STATES AND THE SOVIET UNION.

ARE YOU NOW RULING OUT THE SO-CALLED "INTERIM GUARANTEE"?

A. WELL, WHAT I'M TRYING TO SAY IS THIS: ON THIS LAST TRIP, FOR EXAMPLE -- WHICH, AS HAS BEEN SAID SO MANY TIMES, WAS AN EXPLORATORY TRIP -- THE SECRETARY MADE NO PROPOSALS WITH REGARD TO A POSSIBLE NEXT INTERIM STEP -- WHETHER IT WOULD BE ON GUARANTEES OR ANYTHING ELSE. AS WE KNOW, THE PURPOSE OF HIS TRIP WAS TO TRY AND SEE FIRST-HAND FROM THE LEADERS IN THE AREA JUST WHAT THEIR RESPECTIVE POSITIONS WERE. HE HAS ALSO SAID AT THE CONCLUSION OF THE TRIP HE NOW HAS A MUCH CLEARER IDEA ON, SHALL WE SAY, THE FRAMEWORK FOR THE NEGOTIATION. HE'S AWARE OF THE INTERVIEW IN THE WASHINGTON POST, OVIOUSLY, THAT YOU JUST REFERRED TO; BUT HE DID NOT GO OUT WITH ANY PROPOSAL FOR A GUARANTEE.

WE HAVE NO PROPOSAL HERE. OBVIOUSLY, THIS IS A SUJECT THAT WILL BE LOOKED INTO HERE IN DUE COURSE.

Q. DID HE DISCUSS THIS MATTER WITH CONGRESSIONAL LEADERS THIS MORNING?

A. I CANNOT TELL YOU SPECIFICALLY. BUT IF THE QUESTION, BY ANY CHANCE, WAS PUT TO THE SECRETARY DURING THE BREAK- UNCLASSIFIED

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FAST MEETING AT THE WHITE HOUSE WITH THE CONGRESSIONAL LEADERSHIP ON WHETHER THERE IS A PROPOSAL FOR -- I BELIEVE ONE REPORT SAID A U.S. DEFENSE-TYPE TREATY WITH ISRAEL -- I'M SURE THE SECRETARY WOULD HAVE RESPONDED ALONG THE LINES

THAT I HAVE JUST RESPONDED TO YOU.

Q. WHAT THINGS WERE REVEALED TO MR. KISSINGER DURING THIS TRIP THAT MADE HIM SO FIRM IN HIS STATEMENT THAT HE WOULD BE BACK IN A MATTER OF WEEKS?

A. I DON'T WANT TO GET INTO SPECIFICS, BUT LET ME SAY THIS: THAT HAVING TALKED WITH THE LEADERS IN THE AREA -- PARTICULARLY, WITH THE ISRAELIS AND WITH THE EGYPTIANS, AND ALSO WITH PRESIDENT ASSAD IN SYRIA -- AS I SAID EARLIER,

THE SECRETARY HAS A MUCH CLEARER IDEA NOW OF THE FRAMEWORK THAT NEGOTIATIONS MIGHT BE PURSUED FOR ANOTHER POSSIBLE INTERIM STEP. HE INTENDS TO PURSUE HIS EFFORTS TOWARDS OBTAINING A NEXT INTERIM STEP.

NOW, OFFHAND, YOU MIGHT SAY THAT HE IS GUARDEDLY OPTIMISTIC THAT FURTHER PROGRESS CAN BE MADE HERE. AND I THINK THAT'S THE FUNDAMENTAL REASON THAT HE WANTS TO GO BACK. HE RECOGNIZES, AS DOES EVERYBODY, THAT MOMENTUM TOWARDS MAKING FURTHER PROGRESS IS VERY NECESSARY IN THIS SITUATION; AND HE IS PREPARED TO DO IT AS A RESULT OF HIS RECENT VISIT THERE, TALKING DIRECTLY WITH THE LEADERS CONCERNED, RATHER THAN DOING IT THROUGH TELEGRAMS, ET CETERA, AND MESSAGES BACK AND FORTH.

Q. WELL THEN, YOU MEAN HE FEELS THAT THE NEXT TRIP WOULD BE ANOTHER INTERIM STEP RATHER THAN A FINAL PURSUIT?

A. OH, VERY DEFINITELY ANOTHER INTERIM STEP. I MEAN, THE STEP-BY-STEP APPROACH IS STILL WHAT THE SECRETARY BELIEVES IS THE BEST WAY TO TRY AND ARRIVE AT AN EVENTUAL SETTLEMENT AND NOT TO TRY AND GO AFTER AN OVERALL SETTLEMENT AT THIS STAGE, BECAUSE THE ISSUES ARE TOO COMPLICATED AND ONE SHOULD DO IT STEP BY STEP. SO THAT'S VERY DEFINITE.

Q. THIS WOULD BE THE FINAL STEP BEFORE GOING BACK TO UNCLASSIFIED

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GENEVA. IS THAT ACCURATE OR NOT?

A. ON THE QUESTION OF GOING BACK TO GENEVA, I'D RATHER JUST LEAVE IT WHERE THE SECRETARY LEFT IT WITH FOREIGN MINISTER GROMYKO IN THEIR STATEMENT IN GENEVA. SINCE THEN THERE HAVE BEEN STATEMENTS BY SOME OF THE MEMBERS -- SOME OF THE PARTIES TO THE CONFLICT -- AND I JUST DON'T WANT TO SPECULATE WHEN ONE WOULD GO BACK TO GENEVA.

--
I THINK THE MAIN POINT HERE IS TO CONCENTRATE ON THE NEXT INTERIM STEP IN THE HOPE THAT THIS WILL BE SUCCESSFUL, AND THEN CONSIDER WHAT STEPS SHOULD BE TAKEN AFTER THAT.

Q. COULD I JUST FOLLOW THAT UP? WHAT I MEAN IS: COULD YOU POSSIBLY ENVISAGE, AFTER FURTHER PROGRESS TOWARDS AN ISRAELI-EGYPTIAN DISENGAGEMENT, THE SECRETARY ENGAGING HIMSELF ON AN ISRAELI-SYRIAN DISENGAGEMENT IN THE GOLAN AS AN ADDITIONAL STEP OR AS PART OF THE NEXT STEP?

A. I DON'T WANT TO SPECULATE ON THAT.

Q. WELL, CONCERNING THIS, I MEAN, HAVE THERE BEEN NEW

DEVELOPMENTS IN DAMASCUS SINCE THE SECRETARY MET WITH MR. ASSAD WHICH MAKES HIM APPARENTLY A LITTLE MORE WORRIED ABOUT WHAT THE SYRIANS MIGHT DO, WHICH COULD ENDANGER HIS EFFORTS TOWARDS AN INTERIM SETTLEMENT BETWEEN ISRAEL AND EGYPT?

A. I THINK I KNOW THE REPORT YOU ARE REFERRING TO, AND, ON THAT, JUST LET ME SAY THAT THE SECRETARY WENT TO DAMASCUS -- AS WE ALL KNOW -- ON THIS TRIP AND HE HAD VERY GOOD TALKS WITH PRESIDENT ASSAD. SINCE WE HAVE LEFT DAMASCUS, I KNOW OF NO DEVELOPMENTS THAT HAVE OCCURRED WHICH HAVE CHANGED THE SECRETARY'S VIEW -- WHICH I JUST OUTLINED A FEW MOMENTS AGO -- THAT HE IS GUARDEDLY OPTIMISTIC THAT ANOTHER STEP MIGHT BE ABLE TO BE TAKEN AND THAT HE IS PREPARED TO DO HIS UTMOST IN THAT REGARD.

ID RATHER LEAVE IT JUST THERE AT THE MOMENT.

Q. THE EGYPTIAN FOREING MINISTER YESTERDAY MADE REFERENCE
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TO AN APPROACH BY THE EGYPTIAN GOVERNMENT TO THE UNITED STATES REGARDING THE PARTICIPATION OF THE PLO AT GENEVA; AND HE SAID HE WAS WAITING FOR AN ANSWER. CAN YOU ENLIGHTEN US ON WHAT HE WAS TALKING ABOUT?

A. I CAN NOT ENLIGHTEN YOU AT THIS TIME. I AM UNAWARE OF ANY SUCH APPROACH. I'LL BE GLAD TO LOOK INTO IT. BUT I THINK IN CONNECTION WITH THE PLO, YOU RECEIVED THIS BACK HERE -- I THINK THE SECRETARY WAS ASKED THE SAME QUESTION ON A NUMBER OF STOPS WITH REGARD TO THE UNITED STATES ATTITUDE TOWARDS THE PLO -- AND WE CAN GET THAT OUT.

AND THERE'S JUST NO CHANGE IN THE POSITION, AS FAR AS I AM AWARE -- SINCE 48 HOURS AGO. LET'S PUT IT THAT WAY.

Q. YOU DON'T WANT TO TALK AT ALL ABOUT SYRIA, I TAKE IT. IS THAT TRUE?

WHAT I'M DRIVING AT IS THE REPORTS FROM THE PLANE YESTERDAY INDICATED THAT THE SECRETARY IS CONCERNED ABOUT SYRIA ATTEMPTING TO DISRUPT THE ISRAELI-EGYPTIAN SEPARATE AGREEMENTS. CAN YOU CONFIRM THAT? DOES HE FEEL THAT WAY?

A. FRANKLY, I JUST CAN'T ADD WITH REGARD TO SYRIA AND THE SECRETARY'S TALKS WITH PRESIDENT ASSAD AND THE SECRETARY'S FIRM INTENTION TO RETURN OUT THERE. I DO NOT WANT TO GET INTO THE DETAILED DISCUSSIONS HE HAD WITH PRESIDENT ASSAD. ON BACKGROUND I'M JUST TRYING TO GIVE YOU THE ATMOSPHERE

THAT HE CAME AWAY WITH.

Q. IS HIS GUARDED OPTIMISM ABOUT THE ISRAELI-EGYPTIAN INTERIM SETTLEMENT -- DOES THAT APPLY AS WELL TO ANY PROSPECT FOR A SYRIAN SETTLEMENT, FOR A FURTHER SYRIAN SETTLEMENT?

A. LET ME SAY ON BACKGROUND -- BECAUSE THAT'S A VERY LEGITIMATE QUESTION -- IN EVERY INSTANCE, WHEN THE SECRETARY GOES OUT TO THE AREA, HE CONSULTS WITH, IN GREAT DETAIL, ALL OF THE PRINCIPAL PARTIES TO THE CONFLICT.

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WHEN HE GOES OUT ON HIS NEXT TRIP, HE WILL CONTINUE TO DO THAT. HE WILL BE CONSULTING WITH THE SYRIAN GOVERNMENT, WITH PRESIDENT ASSAD.

THIS IS ALL ON BACKGROUND. IF THERE WAS A SUCCESSFUL INTERIM STEP BETWEEN ISRAEL AND EGYPT, THE SECRETARY WOULD BE IN VERY CLOSE CONSULTATION WITH PRESIDENT ASSAD OF SYRIA, THE WAY HE HAS BEEN ALL ALONG IN THESE NEGOTIATIONS. AND I THINK THAT, OBVIOUSLY, YOU WOULD ALL AGREE THAT THAT WOULD BE A VERY NECESSARY THING THAT HE SHOULD DO.

Q. WHAT IS THE VIEW OF THE STATE DEPARTMENT ON THE LATEST NEWS FROM ISRAEL, TO THE EFFECT THAT NEW PLANS FOR DEVELOPMENTS OF THE FORMER JORDANIAN PART OF JERUSALEM ARE NOW BEING PREPARED? DOES THAT SEEM TO BE IN ACCORDANCE WITH THE WISHES OF THE AMERICAN GOVERNMENT?

A. I HAVEN'T GOT ANYTHING ON THAT ONE FOR YOU. I JUST DON'T HAVE ANYTHING.

Q. CERTAIN ARAB GOVERNMENTS ARE DISCRIMINATING AGAINST PARTICULAR BANKING INTEREST HOUSES, AND THE QUESTION IS AS TO WHETHER OR NOT THE STATE DEPARTMENT WILL MAKE A STATEMENT ON THIS FROM THE STANDPOINT OF U.S. POLICY CONCERNING SUCH PRACTICES?

A. WE HAVE SEEN THE SAME REPORTS THAT YOU ARE REFERRING TO, AND I CAN SAY THAT IT IS THE WELL ESTABLISHED POLICY OF THE UNITED STATES GOVERNMENT TO OPPOSE ANY TYPES OF

RESTRICTIVE PRACTICES OR BOYCOTTS OF THIS GENERAL NATURE. SUCH RESTRICTIVE ACTION MIGHT ALSO INTERFERE WITH THE EFFICIENT OPERATION OF INTERNATIONAL CAPITAL MARKETS.

Q. WHAT DOES THAT MEAN?

A. WELL I THINK, IF THERE ARE CERTAIN -- ON BACKGROUND
I'M JUS TRYING TO THINK OUT LOUD -- IF THERE ARE CERTAIN
MAJOR BANKS THAT ARE EXCLUDED FROM TRADING ON THE INTER-
NATIONAL FINANCIAL MARKET, THAT I WOULD ASSUME COULD HAVE
A VERY DISRUPTIVE EFFECT. THAT'S THE ONLY SORT OF OFF-THE-
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CUFF REMARK I CAN GIVE YOU.

ONE OTHER POINT ON THIS: WE UNDERSTAND T AT THERE MAY WELL
BE SOME LEGAL ISSUES INVOLVED HERE UNDER U.S. LEGISLATION.
BUT IF YOU WANT TO GET INTO THAT I HAVE GOT TO REFER YOU
OVER TO THE DEPARTMENT OF JUSTICE, BECAUSE THEY ARE THE
RESIDENT EXPERTS ON THIS SUBJECT. I JUST DON'T HAVE IT --
BUT YOU MIGHT WANT TO FOLLOW IT UP WITH THEM.

Q. YES, NOW COULD YOU CLARIFY ONE THING? SOMETHING YOU
SAID EARLIER ON THE -- "IT IS THE WELL ESTABLISHED POLICY
OF THE GOVERNMENT TO OPPOSE ANY TYPE OF RESTRICTIVE
PRACTICES OR BOYCOTTS OF THIS GENERAL NATURE." THAT'S TURE,
ISN'T IT? DO I HAVE THAT CORRECT?

A. YES.

Q. THE QUESTION IS: WHAT IS THE OPPOSITION? WHAT ARE
YOU DOING?

A. I'LL TAKE THE QUESTION, FRANKLY, I DO NOT KNOW WHAT
SPECIFIC ACTION WE MAY HAVE TAKEN HERE, WHAT SPECIFIC
CONVERSATIONS WE MAY OR MAY NOT HAVE HEARD.

INCE IT'S A KUWAITI FIRM THAT IS -- OR A KUWAITI SCHEME
THAT IS INVOLVED IN ONE OF THESE CASES -- COULD YOU SEE
WHETHER THIS HAS ANY CARRYOVER EFFECT -- OR EFFECT IN ANY
WAY THE ARMS NEGOTIATIONS THAT ARE NOW GOING ON WITH THE
KUWAITIS?

A. LET ME SEE WHAT I CAN FIND OUT ABOUT THAT, IF I CAN.

Q. THE NEWS REPORTS THIS MORNING ON THE KISSINGER TALK
WITH GISCARD D'ESTAING, REPORTED THAT SOME PROGRESS HAD
BEEN MADE IN COORDINATING THE TWO ENERGY POLICKS. CAN YOU
PROVIDE ANY MORE DETAIL THAN THAT -- AND IN WHAT AREAS,
PERHAPS, THE TWO COUNTRIES HAVE MOVED CLOSER TOGETHER
COORDINATING THEIR ENERGY POLICIES?

A. WELL I CAN GIVE YOU A COUPLE OF GENERAL COMMENTS HERE.

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I'VE FOUND WHEN I WAS IN PARIS YESTERDAY, AND THE NIGHT BEFORE, THAT THERE WAS A RATHER CONSCIOUS EFFORT BY A NUMBER OF THE MEMBERS OF THE PRESS CORPS THERE, TO SORT OF ASSUME -- FIRST OF ALL, FOLLOWING THE SECRETARY'S DINNER WITH FRENCH FOREIGN MINISTER SAUVAGNARGUES, THAT THERE WAS ALMOST AUTOMATICALLY, THAT WE WERE IN CONFLICT WITH THE FRENCH ON THIS SUBJECT.

AND THE SAME THING OCCURRED AFTER THE BREAKFAST BETWEEN THE SECRETARY AND GISACRD D'ESTAING.

YOU HAVE WHAT THE SECRETARY SAID, HERE, THAT GOOD PROGRESS HAS BEEN MADE HERE.

THE DISCUSSION OF THE ENERGY PROBLEM WITH THE FOREIGN MINISTER AAS A VERY FULL DISCUSSION. IT WAS A VERY POSITIVE DISCUSSION. THE NEXT STEP THAT HAS TO OCCUR NOW, TO SEE WHETHER THERE WILL BE A PREPARATORY CONSUMER-PRODUCER CONFERENCE, WILL TAKE PLACE IN -- I THINK IT'S MARCH 5 OR 6, IN PARIS -- THAT'S THE NEXT MEETING OF THE GOVERNING BOARD OF THE IEA.

AND AS YOU ALL REMEMBER, IN THE PAST WE HAVE DISCUSSED THIS WITH THREE PRINCIPAL ELEMENTS, UNDER DISCUSSION; TO TRY AND PREPARE CONSUMER SOLIDARITY BEFORE SUCH A CONFERENCE TAKES PLACE IS FIRST, THE FINANCIAL FACILITY. AS WE ALL KNOW, THERE HAS BEEN GREAT PROGRESS ON THAT, WITH THE AGREEMENT OF THE \$25 BILLION SAFETY NET.

NOW THE OTHER TWO SUBJECTS THAT ARE BEING VERY ACTIVELY DISCUSSED IN THE IEA --

ONE, CONSUMER RESTRAINT -- AND THE PARTICIPANTS IN THE IEA ARE DISCUSSING THEIR RESPECTIVE MEASURES, EACH COUNTRY'S MEASURES, WITH REGARD TO THIS SUBJECT. AND AS WE KNOW, EVEN THOUGH FRANCE IS NOT A MEMBER OF THE IEA, THEY HAVE ALREADY TAKEN CERTAIN VERY DEFINITE STEPS TOWARDS THEIR OWN CONSUMER RESTRAINT.

AND THEN THE THIRD SUBJECT, WHICH -- WHERE PROGRESS IS BEING MADE -- IS THE QUESTION OF ALTERNATE SOURCES OF UNCLASSIFIED

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SUPPLY; AND PROGRESS HAS BEEN MADE THERE. WE BELIEVE THAT FURTHER PROGRESS WILL BE MADE AT THE NEXT MEETING AND THAT, PROVIDED THIS PROGRESS IS MADE, THAT THERE WILL BE A

CONSUMER-PRODUCER PREPARATORY MEETING, WHICH, AS YOU WILL RECALL, IS TO DISCUSS A POSSIBLE AGENDA FOR A SUBSEQUENT, SUBSTANTIVE CONSUMER-PRODUCER MEETING, LATER ON.

BUT I THINK YOU CAN SAY EVERYTHING IS ON RACK HERE, AND THAT PROGRESS HAS BEEN MADE. IT IS CONTINUING --

Q. BUT AS A RESULT OF THE PROGRESS, ARE WE CLOSER TO SETTING A DATE FOR THE CONSUMER-PRODUCER CONFERENCE?

A. NO DATE HAS BEEN SET. NUMBER ONE.

I WOULD SAY THAT THE PROGRESS HAS BEEN VERY GOOD AND THE QUESTION OF A POSSIBLE DATE AND PARTICIPANTS ETC. WILL BE AMONG THE SUBJECTS THAT WILL BE DISCUSSED ON MARCH 5 AND 6 BY THE GOVERNING BOARD OF THE IEA.

Q. TO REPEAT ALL THE THINGS WHICH I ASSUME WE ALL KNOW -- THE USUAL GENERALITIES -- TO COME DOWN TO EARTH, THERE IS A CONSIDERABLE DIFFERENCE BETWEEN THE UNITED STATES AND THE OTHERS IN EUROPE ON THE FLOOR PRICE.

THOUGH WE WERE NEVER OFFICIALLY TOLD HOW MUCH THE FLOOR PRICE IS, IT WAS NEVER DENIED IN THE SPECULATION THAT IT SHOULD BE OH, BETWEEN 7 AND 9, LET'S SAY "8". THE EUROPEANS THINK ABOUT A MUCH LOWER ONE -- 4 1/2 , ACCORDING TO D'AVIGNON --

WAS THIS DISCUSSED? WAS THERE A MEETING OF MINDS BETWEEN Giscard and Kissinger, or Sauvagnargues and Kussinger?

A. ON THE SPECIFIC QUESTION OF SETTING A --

Q. FLOOR PRICE.

A. -- FLOOR PRICE, TO MY KNOWLEDGE, THAT SPECIFIC SUBJECT DID NOT COME UP.

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I MEAN, TO TRY AND AGREE, NOW, TO SET UP SOME KINE OF A SPECIFIC PRICE.

THIS WHOLE QUESTION OF THE FLOOR PRICE WAS DISCUSSED IN THE LAST IEA MEETING. IT WILL CONTINUE TO BE DISCUSSED -- AND --

Q. THIS SEEMS TO BE ONE OF THE MAJOR STUMBLING BLOCKS, YOU KNOW, WHICH MAY PREVENT THE CONSENSUS, OR CONSUMER SOLIDARITY. THAT IS THE REASON I AM ASKING WHETHER THERE

WAS ANY PROGRESS IN THIS.

A. I THINK ON THAT, MAYBE THE BEST THING TO DO IS, WE'LL SEE HOW THE DISCUSSIONS GO ON MARCH 5 AND 6 ON THIS QUESTION -- BUT I DON'T EXPECT IT TO BE AN INSUPERABLE

PROBLEM AT ALL.

Q. CAN YOU TELL US IF THERE WAS "IN PRINCIPLE" AGREEMENT ON THE PRINCIPLE OF A FLOOR PRICE THAT WOULD CARRY OUT WHAT THE SECRETARY SAID IT WOULD DO, IN HIS PRESS CLUB SPEECH -- NAMELY, TO PROTECT THE DEVELOPMENT OF ALTERNATIVE SOURCES?

A. I WOULD LIKE TO DO THIS PART ON BACKGROUND IF I MAY. THE QUESTION OF THE FLOOR PRICE HERE -- SOME OF THE OTHER COUNTRIES MAY HAVE OTHER WAYS OF GOING ABOUT IT, TO ACCOMPLISH THE SAME OBJECTIVE. THEY MAY, I DON'T KNOW, THROUGH VARIABLE LEVIES OR IMPORT TAXES AND WHAT HAVE YOU- AND THIS IS PART OF -- WELL, A VERY MAJOR PART OF THE DISCUSSIONS THAT HAVE BEEN GOING ON IN THE IEA AND WILL CONTINUE TO GO ON IN THE IEA.

IT DOESN'T NECESSARILY MEAN THAT ALL COUNTRIES WILL END UP WITH EXACTLY THE SAME SYSTEM, IN ORDER TO TRY AND HAVE A SYSTEM WHICH WILL PERMIT THE ENCOURAGEMENT OF RESEARCH AND INVESTMENT, IF YOU WIL, TO PRODUCE ALTERNATIVE SOURCES OF SUPPLY.

Q. MAY I RETURN TO MR. FAHMY'S REMARKS YESTERDAY IN WHICH HE INTRODUCED A NEW ELEMENT IN THE GENEVA CONFERENCE SAYING THAT THERE COULD BE NO CONFERENCE UNTIL EGYPT'S UNCLASSIFIED

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ARMS HAD BEEN REPLACED -- THE ARMS LOST IN '73.

WAS THIS A SURPRISE TO THE SECRETARY?

A. I DO NOT KNOW.

Q. HAS HE KNOWN ABOUT THIS CONDITION?

A. I DO NOT KNOW. I DO NOT HAVE ANY COMMENT ON THAT REMARK BY THE EGYPTIAN FOREIGN MINISTER. END QUOTE. KISSINGER

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